

November 18, 1976

SUBJECT: INSURANCE

Circular Letter No. 20 (1976)

TO ALL LICENSED EXCESS LINE BROKERS AND INSURANCE BROKERS

SUBJECT: PLACEMENT OF INSURANCE WITH NON-ADMITTED INSURERS THROUGH INTERMEDIARIES

It has recently come to this Department's attention that placements have been made with insurers, not licensed in this State, and that such insurance was placed through intermediaries whose authority to accept such insurance is questionable.

Section 122 of the New York Insurance Law permits licensed excess line brokers to procure, subject to certain restrictions, policies of insurance from insurers which are not authorized to transact business in this State. Regulation No. 41 of this Department states that coverage may be placed by a licensed excess line broker with one or more unauthorized insurers provided that the due care and diligence required of such brokers by Section 122 is exercised.

It is the excess line broker's responsibility to investigate the authority of anyone who claims to represent an unauthorized insurer. Failure to do so will manifest lack of qualifications required of an excess line broker under Sections 119 and 122 of the New York Insurance Law.

All excess line brokers are requested to acknowledge receipt of this letter to Mr. Stewart Keir, Examiner, New York State Insurance Department, Two World Trade Center, 80th floor, New York, New York 10047.

Very truly yours,

[SIGNATURE]

THOMAS A. HARNETT

Superintendent of Insurance